



DOCKET FILE COPY ORIGINAL

**Celia Nogales**  
Director, Federal Relations

June 4, 1996

Mr. William F. Caton  
Acting Secretary  
Federal Communications Commission  
1919 M Street, NW  
Room 222  
Washington, DC 20554

Re: **Ex Parte Statement**  
CC Docket 95-46

Dear Mr. Caton:

On June 3, 1996, Mr. Harry Albright, Dr. Barbara Cherry and I met with Mr. John Morabito, Deputy Chief, Accounting and Audits Division, and staff to discuss universal service subsidy portability and Ameritech's affordability benchmark proposal in the above referenced proceeding.. The attached material was used as the basis of our discussion.

Sincerely,

A handwritten signature in cursive script that reads "Celia Nogales".

**Attachment**

cc: J. Morabito (w/o attach.)  
G. Seigel (w/o attach.)  
J. Reel (w/o attach.)  
D. Krech (w/o attach.)  
P. Szymczak (w/o attach.)

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100 of Originals

Handwritten initials, possibly "O-1", in a stylized, bold script.

## AMERITECH'S STATEMENT OF UNIVERSAL SERVICE PRINCIPLES

- Universal service policy must be sustainable with government's procompetition policy.
- Implicit subsidies must be eliminated and rates must be rebalanced to reflect the actual cost of providing service.
- **All telecommunications providers must contribute to universal service, but may receive universal service support only if they bear the same obligations as the incumbent local exchange carrier.**
- The Commission should limit universal service support to the "core" services proposed in the FCC Docket No. 96-45.
- **Universal service support for "core" services in high-cost areas should be based on a benchmark affordability mechanism.**
- Universal service support for "core" services for low-income customers should be specifically targeted to assist only those who need a subsidy to obtain reasonable access to "core" services.
- Universal service support should be administered on a competitively neutral basis.

## FALLACY OF THE "PORTABILITY" ARGUMENT FOR DISTRIBUTION OF UNIVERSAL SERVICE SUPPORT

- Some telecommunications service providers - such as AT&T and MCI - argue that distribution of money from any explicit universal service support fund should be "portable" between providers.

That is, they claim that any telecommunications carrier providing service to a low income or high cost customer should be eligible for compensation from the low income and high cost support funds, respectively.

- The unilateral/bilateral rule framework reveals the fallacy of the "portability" argument.
- The collection mechanism for an explicit universal service mechanism is a unilateral rule.
- The distribution mechanism for an explicit universal service fund is part of a bilateral rule.
- The proper rule for distribution of universal service support is that compensation follows the provider bearing the obligation for which the money is the quid pro quo.

The portability argument would mean that compensation follows a provider, without any reference to the obligations of the provider.

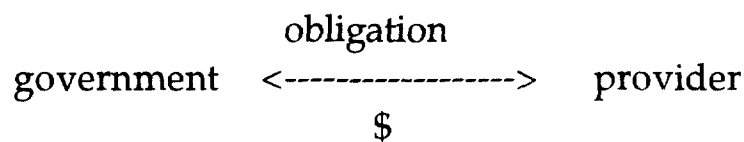
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- government      obligation      provider  
----->

Examples include minimum wage laws, workplace safety requirements, nutritional labeling, and environmental requirements.

## TYPES OF REGULATORY INTERVENTIONS: BILATERAL RULES

- **Bilateral rules** are performance requirements imposed by government on firms for which the affected firms are given some form of compensation or special consideration in exchange for meeting the requirements.



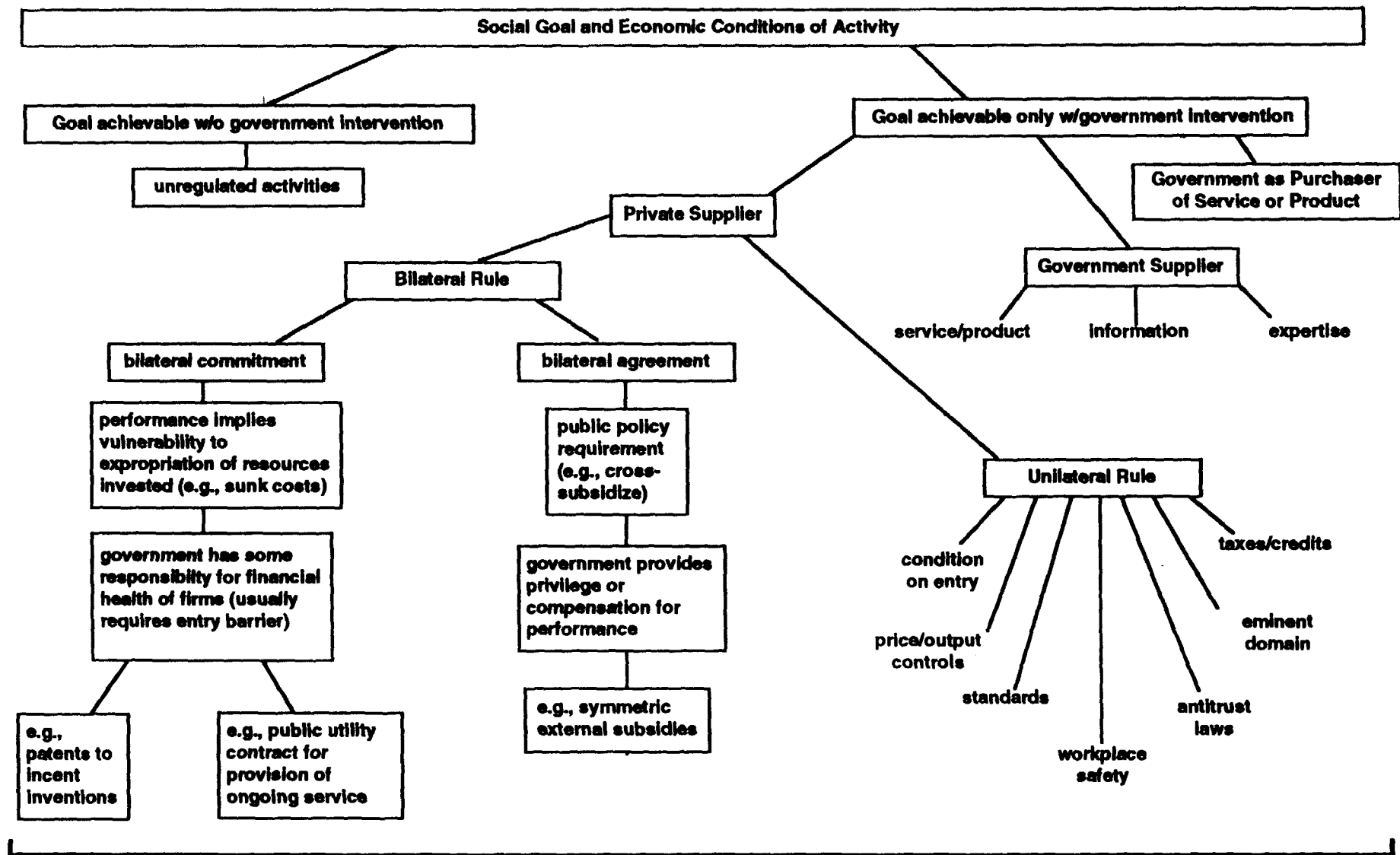
- There are two types of bilateral rules.

**Bilateral agreements** are bilateral rules in which the government financially compensates firms to perform a regulatory obligation.

Examples include food stamps, as well as Lifeline and Linkup programs when compensation is provided to carrier.

**Bilateral commitments** are bilateral rules where, in response to firms' vulnerability to expropriation of investments required to provide the desired performance, government accepts some degree of responsibility for ensuring the financial health of firms taking on the regulatory obligation.

Examples include the public utility contract and patent laws.



Subject to constitutional limitations on federal and state governmental powers

FLOWCHART 1

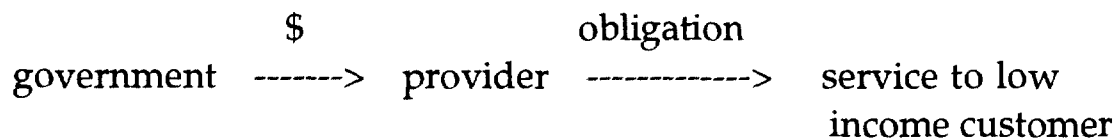
## LOW INCOME ASSISTANCE

- A provider of service to low income customers is unlikely to require high sunk cost investment vulnerable to expropriation. This is because low income customers living in urban areas do not require high sunk costs beyond those already incurred to serve non-low income customers; and because the high sunk costs associated with serving low income customers in high cost areas will be covered by support from high cost funds.

- Low income assistance requires a bilateral agreement.

- A bilateral agreement means that:

Compensation follows the provider with the obligation.



- Compensation is provided from an explicit universal service support fund to the service provider fulfilling the obligation, either directly or indirectly through the low income customer.
- In this case, "portability" of compensation to another provider, which subsequently serves the low income customer, occurs simply because the new provider assumes the same obligation as the initial provider. Compensation to another provider is also likely to be sustainable because the ability to serve low income customers is unlikely to require high sunk cost investment vulnerable to expropriation.

## HIGH COST ASSISTANCE

- A provider of service to high cost areas must serve the entire area with a barrier to exit due to carrier of last resort obligations.
- High cost assistance requires a bilateral commitment. This is because of the provider's vulnerability to expropriation of sunk cost investments arising from the carrier of last resort obligations.
- A bilateral commitment means that:

(1) Compensation follows the provider with the obligation. But currently, parties are suggesting that different carriers will have different obligations. Incumbent carriers will have the obligation to serve entire high cost areas with a barrier to exit. New entrants would have a lesser, or possibly no, obligation to serve high cost areas.

	$\$x$		obligation <sub>x</sub>	
government	----->	provider	----->	service to high cost customer

	$\$y$		obligation <sub>y</sub>	
government	----->	provider	----->	service to high cost customer

If there are differing obligations between providers, then there must be corresponding differing amounts of compensation to providers.



## HIGH COST ASSISTANCE

(continued)

- (2) The government provides some assurance of financial viability to providers assuming the obligation.

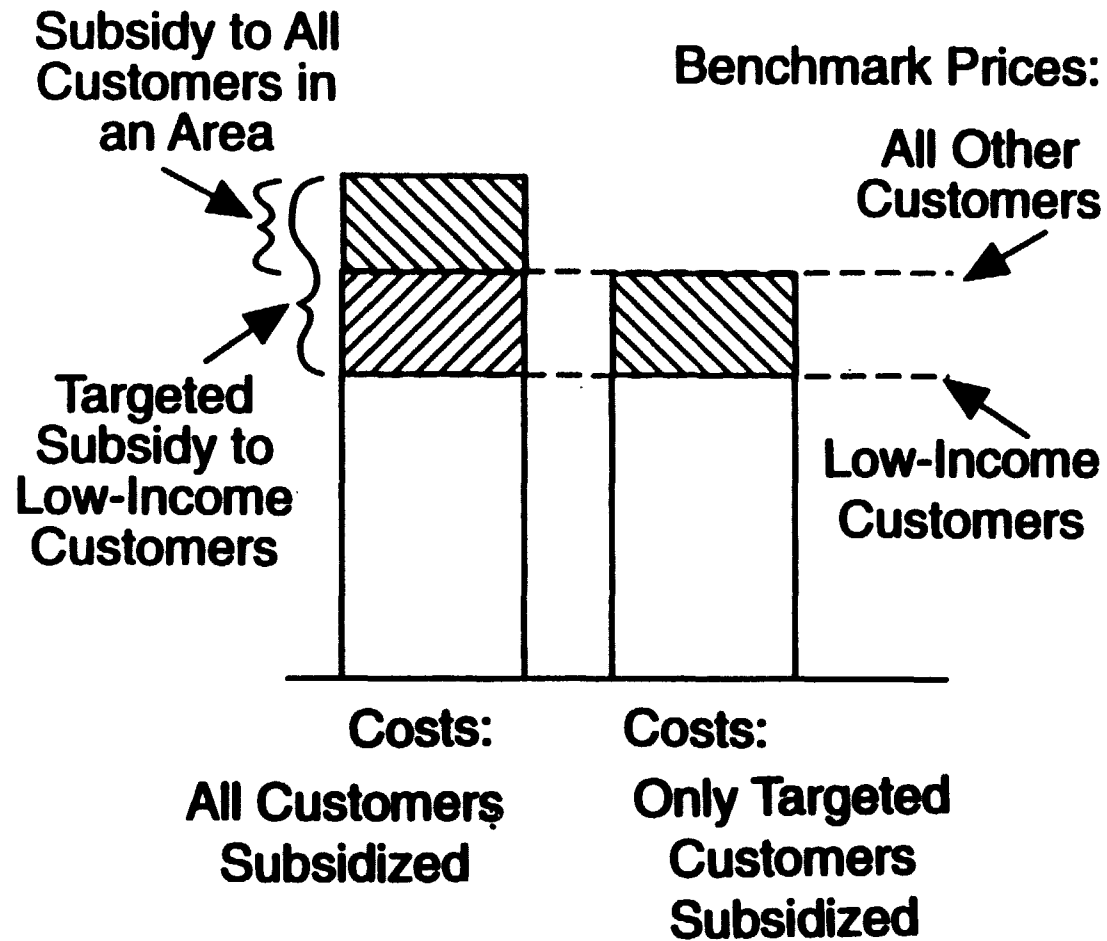
This condition can not be satisfied unless:

- (a) all providers serving the high cost customers bear the same obligation and are therefore paid the same compensation;
  - (b) providers bearing a greater obligation are paid greater compensation to compensate for the higher financial burden, whether expenditures and/or risk; or
  - (c) entry is blocked for providers not bearing the obligations.
- Yet the portability argument would require that the same compensation be paid to each provider serving a high cost customer regardless of the obligations borne by each of the providers. This outcome is not sustainable in a competitive environment.

## **HIGH COST SUPPORT SHOULD BE BASED ON AN AFFORDABLE BENCHMARK**

- **Today, high cost support is not sufficiently targeted. This is because high cost support is given to providers regardless of the revenues they obtained from their customers.**
- **There should be an affordable benchmark rate, which is the minimum rate, that providers should charge in order to receive high cost support funds.**
- **The higher the benchmark rate is set, the more high cost support is targeted to those areas that are truly high cost to serve.**
- **Any negative effects of a higher benchmark rate on subscribership can be addressed through increased, targeted low income assistance.**

## Affordability Benchmark Proposal Illustrated



Adapted from: *Universal Service Tool Kit, Part 2: Beyond Cost Allocations: Benchmark Subsidy Method*, Telecommunications Industries Analysis Project, October 10, 1994

## **BENCHMARK AFFORDABILITY CALCULATIONS CAVEATS**

- **Basic local revenue/loop was used as a surrogate for local rates. This includes both business and residential revenues and loops.**
- **Local switching costs have been estimated. Therefore, the amount of subsidy (difference between local revenue and total cost) is an estimate.**
- **\$3.50/month SLC amount per loop was assumed for Table 1. In reality, some loops would be charged the multi-line rate (up to \$6.00/month). However, since no breakdown of loops between single-line and multi-line was available, the lower amount was used. Thus, the SLC amounts are understated.**
- **This is not intended to quantify the amount of actual subsidy. Rather, these calculations are intended to illustrate how the amount of subsidy will decrease as the Benchmark is increased. These amounts should not be used a substitute for an actual cost study.**

**Summary of Results**  
**Illustrating Affordability Benchmark Concept**

State	Current Subsidy	Subsidy at \$20 Benchmark	Subsidy at \$25 Benchmark	Subsidy at Curr. State Avg.
Florida	\$1,466,399,139	\$1,436,799,361	\$1,307,225,809	\$1,368,692,319
Missouri	\$216,148,185	\$174,520,776	\$136,395,996	\$139,894,518
Washington	\$318,945,391	\$307,941,223	\$203,157,318	\$298,531,670
South Dakota	\$40,763,392	\$35,550,832	\$22,495,083	\$35,422,164
<b>Total</b>	<b>\$2,042,256,107</b>	<b>\$1,954,812,192</b>	<b>\$1,669,274,206</b>	<b>\$1,842,540,672</b>

**Difference from Current Subsidy**

State	Current Subsidy	Subsidy at \$20 Benchmark	Subsidy at \$25 Benchmark	Subsidy at Curr. State Avg.
Florida	\$0	(\$29,599,778)	(\$159,173,330)	(\$97,706,820)
Missouri	\$0	(\$41,627,409)	(\$79,752,189)	(\$76,253,667)
Washington	\$0	(\$11,004,168)	(\$115,788,073)	(\$20,413,721)
South Dakota	\$0	(\$5,212,560)	(\$18,268,309)	(\$5,341,228)
<b>Total</b>	<b>\$0</b>	<b>(\$87,443,915)</b>	<b>(\$372,981,901)</b>	<b>(\$199,715,435)</b>

**% Difference from Current Subsidy**

State	Current Subsidy	Subsidy at \$20 Benchmark	Subsidy at \$25 Benchmark	Subsidy at Curr. State Avg.
Florida	\$0	-2.0%	-10.9%	-6.7%
Missouri	\$0	-19.3%	-36.9%	-35.3%
Washington	\$0	-3.5%	-36.3%	-6.4%
South Dakota	\$0	-12.8%	-44.8%	-13.1%
<b>Total</b>	<b>0.0%</b>	<b>-4.3%</b>	<b>-18.3%</b>	<b>-9.8%</b>

## Estimated Subsidy Calculation for 1993

	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)
Study Area	Local Revenue	USF Subsidy	DEM Weighting	SLC	Total Recovered	Loop Cost	Estimated Loc. Sw Cost	Total Cost	Remaining Subsidy
SOUTHLAND TEL-FL	\$559,251	\$141,397	\$105,429	\$144,648	\$950,725	\$1,190,955	\$491,301	\$1,682,257	\$731,532
GTE FLORIDA INC.	\$537,674,000	\$0	\$0	\$77,234,220	\$614,908,220	\$517,033,119	\$284,340,169	\$801,373,288	\$186,465,068
GULF TEL CO	\$1,617,583	\$443,409	\$170,995	\$337,974	\$2,569,961	\$2,956,623	\$818,848	\$3,775,471	\$1,205,510
VISTA-UNITED TELCOM	\$3,087,349	\$840,228	\$806,451	\$430,164	\$5,164,192	\$4,132,610	\$1,556,406	\$5,689,016	\$524,824
INDIANTOWN SYSTEM	\$538,652	\$1,013,691	\$220,937	\$123,690	\$1,896,970	\$2,217,758	\$525,455	\$2,743,212	\$846,243
NORTHEAST FLORIDA	\$1,833,730	\$805,769	\$235,267	\$272,790	\$3,147,556	\$2,984,645	\$1,114,559	\$4,099,204	\$951,648
ALLTEL FLORIDA INC.	\$12,074,280	\$5,363,404	\$0	\$2,614,626	\$20,052,310	\$25,460,563	\$9,292,401	\$34,752,964	\$14,700,654
QUINCY TEL CO-FL DIV	\$2,732,898	\$241,100	\$318,256	\$445,578	\$3,737,832	\$3,369,574	\$1,649,049	\$5,018,623	\$1,280,792
ST JOSEPH TEL & TEL	\$4,087,717	\$2,349,707	\$608,989	\$1,048,782	\$8,095,195	\$10,477,317	\$3,828,736	\$14,306,053	\$6,210,858
CENTEL OF FLORIDA	\$72,006,377	\$218,427	\$0	\$13,564,908	\$85,789,712	\$93,471,710	\$46,273,179	\$139,744,889	\$53,955,177
UTC OF FLORIDA	\$272,461,882	\$416,299	\$0	\$50,930,838	\$323,809,019	\$346,914,985	\$354,806,302	\$701,721,288	\$377,912,269
SOUTHERN BELL-FL	\$1,505,241,000	\$16,642,215	\$0	\$213,082,044	\$1,734,965,259	\$1,600,398,691	\$565,008,903	\$2,165,407,593	\$430,442,334
<b>Total Florida</b>	<b>\$2,413,914,719</b>	<b>\$28,475,646</b>	<b>\$2,466,324</b>	<b>\$360,230,262</b>	<b>\$2,805,086,951</b>	<b>\$2,610,608,550</b>	<b>\$1,269,705,308</b>	<b>\$3,880,313,858</b>	<b>\$1,075,226,907</b>
GTE NORTH INC. - MO	\$16,286,000	\$1,873,992	\$0	\$4,363,086	\$22,523,078	\$32,245,583	\$17,266,510	\$49,512,092	\$26,989,014
KS ST DBA GTE E. MO	\$724,000	\$904,548	\$346,860	\$293,118	\$2,268,526	\$3,258,677	\$958,213	\$4,216,890	\$1,948,364
CONT MO DBA GTE MO	\$7,924,000	\$7,157,645	\$1,099,280	\$1,915,242	\$18,096,167	\$22,955,363	\$6,759,565	\$29,714,928	\$11,618,762
CITIZENS TEL CO - MO	\$413,748	\$261,628	\$208,705	\$158,970	\$1,043,051	\$1,462,057	\$791,745	\$2,253,803	\$1,210,751
EASTERN MISSOURI TEL	\$269,951	\$316,630	\$104,029	\$114,912	\$805,522	\$1,226,891	\$313,175	\$1,540,066	\$734,544
FIDELITY TEL CO	\$1,337,184	\$346,041	\$227,198	\$462,042	\$2,372,465	\$3,641,728	\$1,161,578	\$4,803,306	\$2,430,840
ALLTEL MISSOURI	\$3,763,129	\$4,188,377	\$359,597	\$1,100,946	\$9,412,049	\$13,294,266	\$2,352,965	\$15,647,230	\$6,235,181
GOODMAN TEL CO	\$171,825	\$41,868	\$143,808	\$67,242	\$424,743	\$516,925	\$307,603	\$824,528	\$399,784
GRAND RIVER MUT-MO	\$1,620,641	\$366,833	\$559,459	\$558,600	\$3,105,533	\$4,323,513	\$2,417,494	\$6,741,006	\$3,635,473
KINGDOM TELEPHONE CO	\$400,980	\$689,625	\$326,846	\$173,418	\$1,590,869	\$2,133,903	\$746,758	\$2,880,661	\$1,289,791
MISSOURI TEL CO	\$2,325,025	\$183,181	\$454,669	\$734,580	\$3,697,455	\$5,225,252	\$2,203,925	\$7,429,177	\$3,731,723
LE-RU TELEPHONE CO	\$215,535	\$371,673	\$147,407	\$46,998	\$781,613	\$824,682	\$232,742	\$1,057,424	\$275,811
CONTEL MO DBA GTE MO	\$37,528,000	\$37,412,419	\$0	\$7,908,012	\$82,848,431	\$105,261,179	\$30,017,543	\$135,278,722	\$52,430,292
NEW LONDON TEL CO	\$180,527	\$90,575	\$24,089	\$35,616	\$330,807	\$370,173	\$88,229	\$458,402	\$127,596
HOLWAY TEL CO	\$122,037	\$164,179	\$27,740	\$24,066	\$338,022	\$387,432	\$122,257	\$509,689	\$171,667
NE MISSOURI RURAL	\$263,733	\$557,394	\$421,911	\$158,340	\$1,401,378	\$1,852,019	\$1,006,870	\$2,858,889	\$1,457,511
ORCHARD FARM TEL CO	\$190,971	\$295,577	\$42,697	\$26,334	\$555,579	\$578,514	\$120,121	\$698,634	\$143,055
STEELVILLE TEL EXCH	\$386,085	\$260,468	\$126,022	\$157,038	\$929,613	\$1,447,001	\$666,966	\$2,113,967	\$1,184,354
STOUTLAND TEL CO	\$135,342	\$211,687	\$47,745	\$45,192	\$439,966	\$598,716	\$158,737	\$757,453	\$317,487
UTC OF MISSOURI	\$36,803,969	\$7,281,528	\$0	\$8,369,928	\$52,455,425	\$67,529,855	\$27,198,897	\$94,728,751	\$42,273,326
SOUTHWESTERN BELL-MO	\$715,591,378	\$0	\$0	\$91,181,622	\$806,773,000	\$451,796,541	\$226,980,084	\$678,776,625	(\$127,996,375)
<b>Total Missouri</b>	<b>\$826,654,060</b>	<b>\$62,975,870</b>	<b>\$4,668,062</b>	<b>\$117,895,302</b>	<b>\$1,012,193,294</b>	<b>\$720,930,269</b>	<b>\$321,871,976</b>	<b>\$1,042,802,245</b>	<b>\$30,608,951</b>

## Estimated Subsidy Calculation for 1993

	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)
Study Area	Local Revenue	USF Subsidy	DEM Weighting	SLC	Total Recovered	Loop Cost	Estimated Loc. Sw Cost	*Total Cost	Remaining Subsidy
UTC OF THE NW-WA	\$13,636,090	\$2,073,476	\$0	\$2,699,382	\$18,408,948	\$21,356,231	\$9,363,751	\$30,719,982	\$12,311,035
ASOTIN TEL - WA	\$230,213	\$180,891	\$63,567	\$43,386	\$518,057	\$545,012	\$192,371	\$737,383	\$219,326
TEL UTIL OF WA INC	\$20,287,120	\$8,390,269	\$0	\$4,708,284	\$33,385,673	\$44,158,517	\$0	\$44,158,517	\$10,772,845
COWICHE TELEPHONE CO	\$358,905	\$73,671	\$100,334	\$72,996	\$605,906	\$604,589	\$427,608	\$1,032,197	\$426,291
ELLENSBURG TEL CO	\$2,826,196	\$0	\$995,224	\$752,178	\$4,573,598	\$4,262,910	\$3,442,232	\$7,705,142	\$3,131,544
GTE NORTHWEST INC-WA	\$169,509,000	\$0	\$0	\$24,074,862	\$193,583,862	\$155,931,277	\$122,855,172	\$278,786,449	\$85,202,587
HAT ISLAND TEL CO	\$17,552	\$7,114	\$0	\$3,318	\$27,984	\$32,721	\$0	\$32,721	\$4,737
HOOD CANAL TEL CO	\$119,914	\$118,656	\$168,830	\$37,464	\$444,864	\$420,560	\$301,953	\$722,513	\$277,649
INLAND TEL CO -WA	\$462,630	\$391,272	\$275,859	\$82,236	\$1,211,997	\$1,097,573	\$424,140	\$1,521,714	\$309,717
KALAMA TEL CO	\$357,382	\$151,679	\$141,613	\$82,656	\$733,330	\$781,060	\$412,849	\$1,193,909	\$460,579
MASHELL TEL CO INC	\$352,357	\$384,610	\$244,415	\$104,370	\$1,085,752	\$1,243,704	\$592,734	\$1,836,438	\$750,687
PIONEER TEL CO	\$102,659	\$168,711	\$56,684	\$33,390	\$361,444	\$458,771	\$223,888	\$682,658	\$321,214
ST JOHN TEL CO	\$148,715	\$109,429	\$40,213	\$24,066	\$322,423	\$314,436	\$103,859	\$418,295	\$95,872
TENINO TELEPHONE CO	\$286,022	\$181,525	\$219,823	\$110,586	\$797,956	\$1,016,435	\$482,100	\$1,498,535	\$700,578
TOLEDO TELEPHONE CO	\$228,472	\$94,735	\$203,486	\$66,948	\$593,641	\$595,142	\$406,954	\$1,002,096	\$408,455
CONTEL NW DBA GTE-WA	\$18,351,000	\$7,766,758	\$0	\$2,919,378	\$29,037,136	\$30,799,121	\$8,788,162	\$39,587,284	\$10,550,147
PACIFIC NW BELL-WA	\$536,955,000	\$0	\$0	\$87,386,922	\$624,341,922	\$421,086,377	\$250,452,407	\$671,538,784	\$47,196,862
<b>Total Washington</b>	<b>\$764,229,227</b>	<b>\$20,092,796</b>	<b>\$2,510,048</b>	<b>\$123,202,422</b>	<b>\$910,034,493</b>	<b>\$684,704,436</b>	<b>\$398,470,181</b>	<b>\$1,083,174,618</b>	<b>\$173,140,125</b>
GOLDEN WEST COMM.	\$245,127	\$505,187	\$685,108	\$339,486	\$1,774,908	\$3,050,958	\$1,627,453	\$4,678,411	\$2,903,503
CHEYENNE RIVER SIOUX	\$664,611	\$274,657	\$112,520	\$94,836	\$1,146,624	\$1,030,323	\$398,765	\$1,429,088	\$282,464
DAKOTA COOP TELECOMM	\$692,526	\$85,956	\$400,776	\$238,854	\$1,418,112	\$1,739,626	\$1,095,793	\$2,835,418	\$1,417,307
GOLDEN WEST TELECOMM	\$1,526,918	\$878,679	\$718,074	\$525,126	\$3,648,797	\$4,848,902	\$2,386,276	\$7,235,178	\$3,586,381
JEFFERSON TEL CO -SD	\$69,302	\$767	\$76,849	\$22,008	\$168,926	\$149,285	\$74,384	\$223,670	\$54,743
KADOKA TELEPHONE CO	\$100,155	\$0	\$112,512	\$23,394	\$236,061	\$139,546	\$198,270	\$337,815	\$101,754
KENNEBEC TEL CO	\$50,984	\$148,704	\$61,531	\$11,382	\$272,601	\$277,979	\$145,989	\$423,968	\$151,367
SANBORN TEL COOP	\$383,285	\$19,613	\$188,593	\$104,538	\$696,029	\$733,673	\$468,470	\$1,202,144	\$506,115
STOCKHOLM-STRANDBURG	\$38,023	\$10,675	\$53,791	\$8,820	\$111,309	\$75,778	\$122,439	\$198,217	\$86,908
SULLY BUTTES TEL	\$522,119	\$283,109	\$371,092	\$167,958	\$1,344,278	\$1,553,653	\$1,019,587	\$2,573,240	\$1,228,962
VALLEY TELECOMM.	\$26,928	\$28,868	\$154,634	\$82,488	\$292,918	\$599,531	\$450,161	\$1,049,692	\$756,774
WEST RIVER COOP	\$186,313	\$393,239	\$218,608	\$60,438	\$858,598	\$947,548	\$493,738	\$1,441,287	\$582,689
NORTHWESTERN BELL-SD	\$74,072,000	\$0	\$0	\$11,879,196	\$85,951,196	\$63,462,983	\$32,250,572	\$95,713,555	\$9,762,359
<b>Total South Dakota</b>	<b>\$78,578,291</b>	<b>\$2,629,455</b>	<b>\$3,154,088</b>	<b>\$13,558,524</b>	<b>\$97,920,358</b>	<b>\$78,609,786</b>	<b>\$40,731,897</b>	<b>\$119,341,683</b>	<b>\$21,421,325</b>

## Sources:

Column (A): FCC Data Request, Docket 80-286, File 1 of 4, Line 629

Column (B): NECA USF Data for calendar year 1993

Column (C): NECA - Comments, CC Docket 80-286, Filed Oct.. 10, 1995

Column (D):  $\$3.50 \times \# \text{ Loops} \times 12$

Column (E): Sum of Columns A, B, C, & D

Column (F): NECA USF Data for calendar year 1993

Column (G): Estimated using the following formula:  $\text{Column C} / ((\text{DEM Wtg. Factor} - 1) * \% \text{ IS DEM})$

For those study areas with a DEM Wtg. Factor of 1, estimate made by multiplying COE Cat. 3 Investment by average overhead loading factor for the state.

Column (H): Sum of Columns F & G

Column (I): Column H - Column E



## Impact on Subsidy of Setting Benchmark at \$20/Month

Study Area	(A) Current Local Revenue	(B) Total Costs	(C) Current Total Subsidy	(D) Proposed Local Revenue	(E) Total Costs	(F) Proposed Total New Subsidy	(G) Subsidy Difference	(H) % Subsidy Difference
SOUTHLAND TEL-FL	\$559,251	\$1,682,257	\$1,123,006	\$826,560	\$1,682,257	\$855,697	(\$267,309)	-23.8%
GTE FLORIDA INC.	\$537,674,000	\$801,373,288	\$263,699,288	\$537,674,000	\$801,373,288	\$263,699,288	\$0	0.0%
GULF TEL CO	\$1,617,583	\$3,775,471	\$2,157,888	\$1,931,280	\$3,775,471	\$1,844,191	(\$313,697)	-14.5%
VISTA-UNITED TELCOM	\$3,087,349	\$5,689,016	\$2,601,667	\$3,087,349	\$5,689,016	\$2,601,667	\$0	0.0%
INDIANTOWN SYSTEM	\$538,652	\$2,743,212	\$2,204,560	\$706,800	\$2,743,212	\$2,036,412	(\$168,148)	-7.6%
NORTHEAST FLORIDA	\$1,833,730	\$4,099,204	\$2,265,474	\$1,833,730	\$4,099,204	\$2,265,474	\$0	0.0%
ALLTEL FLORIDA INC.	\$12,074,280	\$34,752,964	\$22,678,684	\$14,940,720	\$34,752,964	\$19,812,244	(\$2,866,440)	-12.6%
QUINCY TEL CO-FL DIV	\$2,732,898	\$5,018,623	\$2,285,725	\$2,732,898	\$5,018,623	\$2,285,725	\$0	0.0%
ST JOSEPH TEL & TEL	\$4,087,717	\$14,306,053	\$10,218,336	\$5,993,040	\$14,306,053	\$8,313,013	(\$1,905,323)	-18.6%
CENTEL OF FLORIDA	\$72,006,377	\$139,744,889	\$67,738,512	\$77,513,760	\$139,744,889	\$62,231,129	(\$5,507,383)	-8.1%
UTC OF FLORIDA	\$272,461,882	\$701,721,288	\$429,259,406	\$291,033,360	\$701,721,288	\$410,687,928	(\$18,571,478)	-4.3%
SOUTHERN BELL-FL	\$1,505,241,000	\$2,165,407,593	\$660,166,593	\$1,505,241,000	\$2,165,407,593	\$660,166,593	\$0	0.0%
<b>Total Florida</b>	<b>\$2,413,914,719</b>	<b>\$3,880,313,858</b>	<b>\$1,466,399,139</b>	<b>\$2,443,514,497</b>	<b>\$3,880,313,858</b>	<b>\$1,436,799,361</b>	<b>(\$29,599,778)</b>	<b>-2.0%</b>
GTE NORTH INC. - MO	\$16,286,000	\$49,512,092	\$33,226,092	\$24,931,920	\$49,512,092	\$24,580,172	(\$8,645,920)	-26.0%
KS ST DBA GTE E. MO	\$724,000	\$4,216,890	\$3,492,890	\$1,674,960	\$4,216,890	\$2,541,930	(\$950,960)	-27.2%
CONT MO DBA GTE MO	\$7,924,000	\$29,714,928	\$21,790,928	\$10,944,240	\$29,714,928	\$18,770,688	(\$3,020,240)	-13.9%
CITIZENS TEL CO - MO	\$413,748	\$2,253,803	\$1,840,055	\$908,400	\$2,253,803	\$1,345,403	(\$494,652)	-26.9%
EASTERN MISSOURI TEL	\$269,951	\$1,540,066	\$1,270,115	\$656,640	\$1,540,066	\$883,426	(\$386,689)	-30.4%
FIDELITY TEL CO	\$1,337,184	\$4,803,306	\$3,466,122	\$2,640,240	\$4,803,306	\$2,163,066	(\$1,303,056)	-37.6%
ALLTEL MISSOURI	\$3,763,129	\$15,647,230	\$11,884,101	\$6,291,120	\$15,647,230	\$9,356,110	(\$2,527,991)	-21.3%
GOODMAN TEL CO	\$171,825	\$824,528	\$652,703	\$384,240	\$824,528	\$440,288	(\$212,415)	-32.5%
GRAND RIVER MUT-MO	\$1,620,641	\$6,741,006	\$5,120,365	\$3,192,000	\$6,741,006	\$3,549,006	(\$1,571,359)	-30.7%
KINGDOM TELEPHONE CO	\$400,980	\$2,880,661	\$2,479,681	\$990,960	\$2,880,661	\$1,889,701	(\$589,980)	-23.8%
MISSOURI TEL CO	\$2,325,025	\$7,429,177	\$5,104,152	\$4,197,600	\$7,429,177	\$3,231,577	(\$1,872,575)	-36.7%
LE-RU TELEPHONE CO	\$215,535	\$1,057,424	\$841,889	\$268,560	\$1,057,424	\$788,864	(\$53,025)	-6.3%
CONTEL MO DBA GTE MO	\$37,528,000	\$135,278,722	\$97,750,722	\$45,188,640	\$135,278,722	\$90,090,082	(\$7,660,640)	-7.8%
NEW LONDON TEL CO	\$180,527	\$458,402	\$277,875	\$203,520	\$458,402	\$254,882	(\$22,993)	-8.3%
HOLWAY TEL CO	\$122,037	\$509,689	\$387,652	\$137,520	\$509,689	\$372,169	(\$15,483)	-4.0%
NE MISSOURI RURAL	\$263,733	\$2,858,889	\$2,595,156	\$904,800	\$2,858,889	\$1,954,089	(\$641,067)	-24.7%
ORCHARD FARM TEL CO	\$190,971	\$698,634	\$507,663	\$190,971	\$698,634	\$507,663	\$0	0.0%
STEELVILLE TEL EXCH	\$386,085	\$2,113,967	\$1,727,882	\$897,360	\$2,113,967	\$1,216,607	(\$511,275)	-29.6%
STOUTLAND TEL CO	\$135,342	\$757,453	\$622,111	\$258,240	\$757,453	\$499,213	(\$122,898)	-19.8%
UTC OF MISSOURI	\$36,803,969	\$94,728,751	\$57,924,782	\$47,828,160	\$94,728,751	\$46,900,591	(\$11,024,191)	-19.0%
SOUTHWESTERN BELL-MO	\$715,591,378	\$678,776,625	(\$36,814,753)	\$715,591,378	\$678,776,625	(\$36,814,753)	\$0	0.0%
<b>Total Missouri</b>	<b>\$826,654,060</b>	<b>\$1,042,802,245</b>	<b>\$216,148,185</b>	<b>\$868,281,469</b>	<b>\$1,042,802,245</b>	<b>\$174,520,776</b>	<b>(\$41,627,409)</b>	<b>-19.3%</b>

## Impact on Subsidy of Setting Benchmark at \$20/Month

Study Area	(A) Current Local Revenue	(B) Total Costs	(C) Current Total Subsidy	(D) Proposed Local Revenue	(E) Total Costs	(F) Proposed Total New Subsidy	(G) Subsidy Difference	(H) % Subsidy Difference
UTC OF THE NW-WA	\$13,636,090	\$30,719,982	\$17,083,892	\$15,425,040	\$30,719,982	\$15,294,942	(\$1,788,950)	-10.5%
ASOTIN TEL - WA	\$230,213	\$737,383	\$507,170	\$247,920	\$737,383	\$489,463	(\$17,707)	-3.5%
TEL UTIL OF WA INC	\$20,287,120	\$44,158,517	\$23,871,397	\$26,904,480	\$44,158,517	\$17,254,037	(\$6,617,360)	-27.7%
COWICHE TELEPHONE CO	\$358,905	\$1,032,197	\$673,292	\$417,120	\$1,032,197	\$615,077	(\$58,215)	-8.6%
ELLENSBURG TEL CO	\$2,826,196	\$7,705,142	\$4,878,946	\$4,298,160	\$7,705,142	\$3,406,982	(\$1,471,964)	-30.2%
GTE NORTHWEST INC-WA	\$169,509,000	\$278,786,449	\$109,277,449	\$169,509,000	\$278,786,449	\$109,277,449	\$0	0.0%
HAT ISLAND TEL CO	\$17,552	\$32,721	\$15,169	\$18,960	\$32,721	\$13,761	(\$1,408)	-9.3%
HOOD CANAL TEL CO	\$119,914	\$722,513	\$602,599	\$214,080	\$722,513	\$508,433	(\$94,166)	-15.6%
INLAND TEL CO -WA	\$462,630	\$1,521,714	\$1,059,084	\$469,920	\$1,521,714	\$1,051,794	(\$7,290)	-0.7%
KALAMA TEL CO	\$357,382	\$1,193,909	\$836,527	\$472,320	\$1,193,909	\$721,589	(\$114,938)	-13.7%
MASHELL TEL CO INC	\$352,357	\$1,836,438	\$1,484,081	\$596,400	\$1,836,438	\$1,240,038	(\$244,043)	-16.4%
PIONEER TEL CO	\$102,659	\$682,658	\$579,999	\$190,800	\$682,658	\$491,858	(\$88,141)	-15.2%
ST JOHN TEL CO	\$148,715	\$418,295	\$269,580	\$148,715	\$418,295	\$269,580	\$0	0.0%
TENINO TELEPHONE CO	\$286,022	\$1,498,535	\$1,212,513	\$631,920	\$1,498,535	\$866,615	(\$345,898)	-28.5%
TOLEDO TELEPHONE CO	\$228,472	\$1,002,096	\$773,624	\$382,560	\$1,002,096	\$619,536	(\$154,088)	-19.9%
CONTEL NW DBA GTE-WA	\$18,351,000	\$39,587,284	\$21,236,284	\$18,351,000	\$39,587,284	\$21,236,284	\$0	0.0%
PACIFIC NW BELL-WA	\$536,955,000	\$671,538,784	\$134,583,784	\$536,955,000	\$671,538,784	\$134,583,784	(\$0)	-0.0%
<b>Total Washington</b>	<b>\$764,229,227</b>	<b>\$1,083,174,618</b>	<b>\$318,945,391</b>	<b>\$775,233,395</b>	<b>\$1,083,174,618</b>	<b>\$307,941,223</b>	<b>(\$11,004,168)</b>	<b>-3.5%</b>
GOLDEN WEST COMM.	\$245,127	\$4,678,411	\$4,433,284	\$1,939,920	\$4,678,411	\$2,738,491	(\$1,694,793)	-38.2%
CHEYENNE RIVER SIOUX	\$664,611	\$1,429,088	\$764,477	\$664,611	\$1,429,088	\$764,477	\$0	0.0%
DAKOTA COOP TELECOMM	\$692,526	\$2,835,418	\$2,142,892	\$1,364,880	\$2,835,418	\$1,470,538	(\$672,354)	-31.4%
GOLDEN WEST TELECOMM	\$1,526,918	\$7,235,178	\$5,708,260	\$3,000,720	\$7,235,178	\$4,234,458	(\$1,473,802)	-25.8%
JEFFERSON TEL CO -SD	\$69,302	\$223,670	\$154,368	\$125,760	\$223,670	\$97,910	(\$56,458)	-36.6%
KADOKA TELEPHONE CO	\$100,155	\$337,815	\$237,660	\$133,680	\$337,815	\$204,135	(\$33,525)	-14.1%
KENNEBEC TEL CO	\$50,984	\$423,968	\$372,984	\$65,040	\$423,968	\$358,928	(\$14,056)	-3.8%
SANBORN TEL COOP	\$383,285	\$1,202,144	\$818,859	\$597,360	\$1,202,144	\$604,784	(\$214,075)	-26.1%
STOCKHOLM-STRANDBURG	\$38,023	\$198,217	\$160,194	\$50,400	\$198,217	\$147,817	(\$12,377)	-7.7%
SULLY BUTTES TEL	\$522,119	\$2,573,240	\$2,051,121	\$959,760	\$2,573,240	\$1,613,480	(\$437,641)	-21.3%
VALLEY TELECOMM.	\$26,928	\$1,049,692	\$1,022,764	\$471,360	\$1,049,692	\$578,332	(\$444,432)	-43.5%
WEST RIVER COOP	\$186,313	\$1,441,287	\$1,254,974	\$345,360	\$1,441,287	\$1,095,927	(\$159,047)	-12.7%
NORTHWESTERN BELL-SD	\$74,072,000	\$95,713,555	\$21,641,555	\$74,072,000	\$95,713,555	\$21,641,555	\$0	0.0%
<b>Total South Dakota</b>	<b>\$78,578,291</b>	<b>\$119,341,683</b>	<b>\$40,763,392</b>	<b>\$83,790,851</b>	<b>\$119,341,683</b>	<b>\$35,550,832</b>	<b>(\$5,212,560)</b>	<b>-12.8%</b>

## Sources:

Column (A): FCC Data Request, Docket 80-286, File 1 of 4, Line 629

Column (B): Total Loop & Estimated Switching Costs (Column H from Table 1)

Column (C): Column B - Column A

Column (D): Maximum of Column A and  $\$20 \times \# \text{ Loops} \times 12$

Column (E): Column B

Column (F): Column E - Column D

Column (G): Column F - Column C

Column (H): Column G/Column C

## Impact on Subsidy of Setting Benchmark at \$25/Month

Study Area	(A) Current Local Revenue	(B) Total Costs	(C) Current Total Subsidy	(D) Proposed Local Revenue	(E) Total Costs	(F) Proposed Total New Subsidy	(G) Subsidy Difference	(H) % Subsidy Difference
SOUTHLAND TEL-FL	\$559,251	\$1,682,257	\$1,123,006	\$1,033,200	\$1,682,257	\$649,057	(\$473,949)	-42.2%
GTE FLORIDA INC.	\$537,674,000	\$801,373,288	\$263,699,288	\$551,673,000	\$801,373,288	\$249,700,288	(\$13,999,000)	-5.3%
GULF TEL CO	\$1,617,583	\$3,775,471	\$2,157,888	\$2,414,100	\$3,775,471	\$1,361,371	(\$796,517)	-36.9%
VISTA-UNITED TELCOM	\$3,087,349	\$5,689,016	\$2,601,667	\$3,087,349	\$5,689,016	\$2,601,667	\$0	0.0%
INDIANTOWN SYSTEM	\$538,652	\$2,743,212	\$2,204,560	\$883,500	\$2,743,212	\$1,859,712	(\$344,848)	-15.6%
NORTHEAST FLORIDA	\$1,833,730	\$4,099,204	\$2,265,474	\$1,948,500	\$4,099,204	\$2,150,704	(\$114,770)	-5.1%
ALLTEL FLORIDA INC.	\$12,074,280	\$34,752,964	\$22,678,684	\$18,675,900	\$34,752,964	\$16,077,064	(\$6,601,620)	-29.1%
QUINCY TEL CO-FL DIV	\$2,732,898	\$5,018,623	\$2,285,725	\$3,182,700	\$5,018,623	\$1,835,923	(\$449,802)	-19.7%
ST JOSEPH TEL & TEL	\$4,087,717	\$14,306,053	\$10,218,336	\$7,491,300	\$14,306,053	\$6,814,753	(\$3,403,583)	-33.3%
CENDEL OF FLORIDA	\$72,006,377	\$139,744,889	\$67,738,512	\$96,892,200	\$139,744,889	\$42,852,689	(\$24,885,823)	-36.7%
UTC OF FLORIDA	\$272,461,882	\$701,721,288	\$429,259,406	\$363,791,700	\$701,721,288	\$337,929,588	(\$91,329,818)	-21.3%
SOUTHERN BELL-FL	\$1,505,241,000	\$2,165,407,593	\$660,166,593	\$1,522,014,600	\$2,165,407,593	\$643,392,993	(\$16,773,600)	-2.5%
<b>Total Florida</b>	<b>\$2,413,914,719</b>	<b>\$3,880,313,858</b>	<b>\$1,466,399,139</b>	<b>\$2,573,088,049</b>	<b>\$3,880,313,858</b>	<b>\$1,307,225,809</b>	<b>(\$159,173,330)</b>	<b>-10.9%</b>
GTE NORTH INC. - MO	\$16,286,000	\$49,512,092	\$33,226,092	\$31,164,900	\$49,512,092	\$18,347,192	(\$14,878,900)	-44.8%
KS ST DBA GTE E. MO	\$724,000	\$4,216,890	\$3,492,890	\$2,093,700	\$4,216,890	\$2,123,190	(\$1,369,700)	-39.2%
CONT MO DBA GTE MO	\$7,924,000	\$29,714,928	\$21,790,928	\$13,680,300	\$29,714,928	\$16,034,628	(\$5,756,300)	-26.4%
CITIZENS TEL CO - MO	\$413,748	\$2,253,803	\$1,840,055	\$1,135,500	\$2,253,803	\$1,118,303	(\$721,752)	-39.2%
EASTERN MISSOURI TEL	\$269,951	\$1,540,066	\$1,270,115	\$820,800	\$1,540,066	\$719,266	(\$550,849)	-43.4%
FIDELITY TEL CO	\$1,337,184	\$4,803,306	\$3,466,122	\$3,300,300	\$4,803,306	\$1,503,006	(\$1,963,116)	-56.6%
ALLTEL MISSOURI	\$3,763,129	\$15,647,230	\$11,884,101	\$7,863,900	\$15,647,230	\$7,783,330	(\$4,100,771)	-34.5%
GOODMAN TEL CO	\$171,825	\$824,528	\$652,703	\$480,300	\$824,528	\$344,228	(\$308,475)	-47.3%
GRAND RIVER MUT-MO	\$1,620,641	\$6,741,006	\$5,120,365	\$3,990,000	\$6,741,006	\$2,751,006	(\$2,369,359)	-46.3%
KINGDOM TELEPHONE CO	\$400,980	\$2,880,661	\$2,479,681	\$1,238,700	\$2,880,661	\$1,641,961	(\$837,720)	-33.8%
MISSOURI TEL CO	\$2,325,025	\$7,429,177	\$5,104,152	\$5,247,000	\$7,429,177	\$2,182,177	(\$2,921,975)	-57.2%
LE-RU TELEPHONE CO	\$215,535	\$1,057,424	\$841,889	\$335,700	\$1,057,424	\$721,724	(\$120,165)	-14.3%
CONTEL MO DBA GTE MO	\$37,528,000	\$135,278,722	\$97,750,722	\$56,485,800	\$135,278,722	\$78,792,922	(\$18,957,800)	-19.4%
NEW LONDON TEL CO	\$180,527	\$458,402	\$277,875	\$254,400	\$458,402	\$204,002	(\$73,873)	-26.6%
HOLWAY TEL CO	\$122,037	\$509,689	\$387,652	\$171,900	\$509,689	\$337,789	(\$49,863)	-12.9%
NE MISSOURI RURAL	\$263,733	\$2,858,889	\$2,595,156	\$1,131,000	\$2,858,889	\$1,727,889	(\$867,267)	-33.4%
ORCHARD FARM TEL CO	\$190,971	\$698,634	\$507,663	\$190,971	\$698,634	\$507,663	\$0	0.0%
STEELVILLE TEL EXCH	\$386,085	\$2,113,967	\$1,727,882	\$1,121,700	\$2,113,967	\$992,267	(\$735,615)	-42.6%
STOUTLAND TEL CO	\$135,342	\$757,453	\$622,111	\$322,800	\$757,453	\$434,653	(\$187,458)	-30.1%
UTC OF MISSOURI	\$36,803,969	\$94,728,751	\$57,924,782	\$59,785,200	\$94,728,751	\$34,943,551	(\$22,981,231)	-39.7%
SOUTHWESTERN BELL-MO	\$715,591,378	\$678,776,625	(\$36,814,753)	\$715,591,378	\$678,776,625	(\$36,814,753)	\$0	0.0%
<b>Total Missouri</b>	<b>\$826,654,060</b>	<b>\$1,042,802,245</b>	<b>\$216,148,185</b>	<b>\$906,406,249</b>	<b>\$1,042,802,245</b>	<b>\$136,395,996</b>	<b>(\$79,752,189)</b>	<b>-36.9%</b>

## Impact on Subsidy of Setting Benchmark at \$25/Month

Study Area	(A) Current Local Revenue	(B) Total Costs	(C) Current Total Subsidy	(D) Proposed Local Revenue	(E) Total Costs	(F) Proposed Total New Subsidy	(G) Subsidy Difference	(H) % Subsidy Difference
UTC OF THE NW-WA	\$13,636,090	\$30,719,982	\$17,083,892	\$19,281,300	\$30,719,982	\$11,438,682	(\$5,645,210)	-33.0%
ASOTIN TEL - WA	\$230,213	\$737,383	\$507,170	\$309,900	\$737,383	\$427,483	(\$79,687)	-15.7%
TEL UTIL OF WA INC	\$20,287,120	\$44,158,517	\$23,871,397	\$33,630,600	\$44,158,517	\$10,527,917	(\$13,343,480)	-55.9%
COWICHE TELEPHONE CO	\$358,905	\$1,032,197	\$673,292	\$521,400	\$1,032,197	\$510,797	(\$162,495)	-24.1%
ELLENSBURG TEL CO	\$2,826,196	\$7,705,142	\$4,878,946	\$5,372,700	\$7,705,142	\$2,332,442	(\$2,546,504)	-52.2%
GTE NORTHWEST INC-WA	\$169,509,000	\$278,786,449	\$109,277,449	\$171,963,300	\$278,786,449	\$106,823,149	(\$2,454,300)	-2.2%
HAT ISLAND TEL CO	\$17,552	\$32,721	\$15,169	\$23,700	\$32,721	\$9,021	(\$6,148)	-40.5%
HOOD CANAL TEL CO	\$119,914	\$722,513	\$602,599	\$267,600	\$722,513	\$454,913	(\$147,686)	-24.5%
INLAND TEL CO -WA	\$462,630	\$1,521,714	\$1,059,084	\$587,400	\$1,521,714	\$934,314	(\$124,770)	-11.8%
KALAMA TEL CO	\$357,382	\$1,193,909	\$836,527	\$590,400	\$1,193,909	\$603,509	(\$233,018)	-27.9%
MASHELL TEL CO INC	\$352,357	\$1,836,438	\$1,484,081	\$745,500	\$1,836,438	\$1,090,938	(\$393,143)	-26.5%
PIONEER TEL CO	\$102,659	\$682,658	\$579,999	\$238,500	\$682,658	\$444,158	(\$135,841)	-23.4%
ST JOHN TEL CO	\$148,715	\$418,295	\$269,580	\$171,900	\$418,295	\$246,395	(\$23,185)	-8.6%
TENINO TELEPHONE CO	\$286,022	\$1,498,535	\$1,212,513	\$789,900	\$1,498,535	\$708,635	(\$503,878)	-41.6%
TOLEDO TELEPHONE CO	\$228,472	\$1,002,096	\$773,624	\$478,200	\$1,002,096	\$523,896	(\$249,728)	-32.3%
CONTEL NW DBA GTE-WA	\$18,351,000	\$39,587,284	\$21,236,284	\$20,852,700	\$39,587,284	\$18,734,584	(\$2,501,700)	-11.8%
PACIFIC NW BELL-WA	\$536,955,000	\$671,538,784	\$134,583,784	\$624,192,300	\$671,538,784	\$47,346,484	(\$87,237,300)	-64.8%
Total Washington	\$764,229,227	\$1,083,174,618	\$318,945,391	\$880,017,300	\$1,083,174,618	\$203,157,318	(\$115,788,073)	-36.3%
GOLDEN WEST COMM.	\$245,127	\$4,678,411	\$4,433,284	\$2,424,900	\$4,678,411	\$2,253,511	(\$2,179,773)	-49.2%
CHEYENNE RIVER SIOUX	\$664,611	\$1,429,088	\$764,477	\$677,400	\$1,429,088	\$751,688	(\$12,789)	-1.7%
DAKOTA COOP TELECOMM	\$692,526	\$2,835,418	\$2,142,892	\$1,706,100	\$2,835,418	\$1,129,318	(\$1,013,574)	-47.3%
GOLDEN WEST TELECOMM	\$1,526,918	\$7,235,178	\$5,708,260	\$3,750,900	\$7,235,178	\$3,484,278	(\$2,223,982)	-39.0%
JEFFERSON TEL CO -SD	\$69,302	\$223,670	\$154,368	\$157,200	\$223,670	\$66,470	(\$87,898)	-56.9%
KADOKA TELEPHONE CO	\$100,155	\$337,815	\$237,660	\$167,100	\$337,815	\$170,715	(\$66,945)	-28.2%
KENNEBEC TEL CO	\$50,984	\$423,968	\$372,984	\$81,300	\$423,968	\$342,668	(\$30,316)	-8.1%
SANBORN TEL COOP	\$383,285	\$1,202,144	\$818,859	\$746,700	\$1,202,144	\$455,444	(\$363,415)	-44.4%
STOCKHOLM-STRANDBURG	\$38,023	\$198,217	\$160,194	\$63,000	\$198,217	\$135,217	(\$24,977)	-15.6%
SULLY BUTTES TEL	\$522,119	\$2,573,240	\$2,051,121	\$1,199,700	\$2,573,240	\$1,373,540	(\$677,581)	-33.0%
VALLEY TELECOMM.	\$26,928	\$1,049,692	\$1,022,764	\$589,200	\$1,049,692	\$460,492	(\$562,272)	-55.0%
WEST RIVER COOP	\$186,313	\$1,441,287	\$1,254,974	\$431,700	\$1,441,287	\$1,009,587	(\$245,387)	-19.6%
NORTHWESTERN BELL-SD	\$74,072,000	\$95,713,555	\$21,641,555	\$84,851,400	\$95,713,555	\$10,862,155	(\$10,779,400)	-49.8%
Total South Dakota	\$78,578,291	\$119,341,683	\$40,763,392	\$96,846,600	\$119,341,683	\$22,495,083	(\$18,268,309)	-44.8%

## Sources:

Column (A): FCC Data Request, Docket 80-286, File 1 of 4, Line 629

Column (B): Total Loop & Estimated Switching Costs (Column H from Table 1)

Column (C): Column B - Column A

Column (D): Maximum of Column A and  $\$25 \times \# \text{ Loops} \times 12$

Column (E): Column B

Column (F): Column E - Column D

Column (G): Column F - Column C

Column (H): Column G/Column C

## Impact on Subsidy of Setting Benchmark at Current Average for State

Study Area	(A) Current Local Revenue	(B) Total Costs	(C) Current Total Subsidy	(D) Proposed Local Revenue	(E) Total Costs	(F) Proposed Total New Subsidy	(G) Subsidy Difference	(H) % Subsidy Difference
SOUTHLAND TEL-FL	\$559,251	\$1,682,257	\$1,123,006	\$969,291	\$1,682,257	\$712,966	(\$410,040)	-36.5%
GTE FLORIDA INC.	\$537,674,000	\$801,373,288	\$263,699,288	\$537,674,000	\$801,373,288	\$263,699,288	\$0	0.0%
GULF TEL CO	\$1,617,583	\$3,775,471	\$2,157,888	\$2,264,775	\$3,775,471	\$1,510,696	(\$647,192)	-30.0%
VISTA-UNITED TELCOM	\$3,087,349	\$5,689,016	\$2,601,667	\$3,087,349	\$5,689,016	\$2,601,667	\$0	0.0%
INDIANTOWN SYSTEM	\$538,652	\$2,743,212	\$2,204,560	\$828,851	\$2,743,212	\$1,914,362	(\$290,199)	-13.2%
NORTHEAST FLORIDA	\$1,833,730	\$4,099,204	\$2,265,474	\$1,833,730	\$4,099,204	\$2,265,474	\$0	0.0%
ALLTEL FLORIDA INC.	\$12,074,280	\$34,752,964	\$22,678,684	\$17,520,694	\$34,752,964	\$17,232,270	(\$5,446,414)	-24.0%
QUINCY TEL CO-FL DIV	\$2,732,898	\$5,018,623	\$2,285,725	\$2,985,833	\$5,018,623	\$2,032,791	(\$252,935)	-11.1%
ST JOSEPH TEL & TEL	\$4,087,717	\$14,306,053	\$10,218,336	\$7,027,922	\$14,306,053	\$7,278,131	(\$2,940,205)	-28.8%
CENDEL OF FLORIDA	\$72,006,377	\$139,744,889	\$67,738,512	\$90,898,890	\$139,744,889	\$48,845,999	(\$18,892,513)	-27.9%
UTC OF FLORIDA	\$272,461,882	\$701,721,288	\$429,259,406	\$341,289,204	\$701,721,288	\$360,432,084	(\$68,827,322)	-16.0%
SOUTHERN BELL-FL	\$1,505,241,000	\$2,165,407,593	\$660,166,593	\$1,505,241,000	\$2,165,407,593	\$660,166,593	\$0	0.0%
<b>Total Florida</b>	<b>\$2,413,914,719</b>	<b>\$3,880,313,858</b>	<b>\$1,466,399,139</b>	<b>\$2,511,621,539</b>	<b>\$3,880,313,858</b>	<b>\$1,368,692,319</b>	<b>(\$97,706,820)</b>	<b>-6.7%</b>
GTE NORTH INC. - MO	\$16,286,000	\$49,512,092	\$33,226,092	\$30,592,930	\$49,512,092	\$18,919,162	(\$14,306,930)	-43.1%
KS ST DBA GTE E. MO	\$724,000	\$4,216,890	\$3,492,890	\$2,055,274	\$4,216,890	\$2,161,616	(\$1,331,274)	-38.1%
CONT MO DBA GTE MO	\$7,924,000	\$29,714,928	\$21,790,928	\$13,429,225	\$29,714,928	\$16,285,703	(\$5,505,225)	-25.3%
CITIZENS TEL CO - MO	\$413,748	\$2,253,803	\$1,840,055	\$1,114,660	\$2,253,803	\$1,139,143	(\$700,912)	-38.1%
EASTERN MISSOURI TEL	\$269,951	\$1,540,066	\$1,270,115	\$805,736	\$1,540,066	\$734,330	(\$535,785)	-42.2%
FIDELITY TEL CO	\$1,337,184	\$4,803,306	\$3,466,122	\$3,239,730	\$4,803,306	\$1,563,576	(\$1,902,546)	-54.9%
ALLTEL MISSOURI	\$3,763,129	\$15,647,230	\$11,884,101	\$7,719,574	\$15,647,230	\$7,927,657	(\$3,956,445)	-33.3%
GOODMAN TEL CO	\$171,825	\$824,528	\$652,703	\$471,485	\$824,528	\$353,043	(\$299,660)	-45.9%
GRAND RIVER MUT-MO	\$1,620,641	\$6,741,006	\$5,120,365	\$3,916,771	\$6,741,006	\$2,824,235	(\$2,296,130)	-44.8%
KINGDOM TELEPHONE CO	\$400,980	\$2,880,661	\$2,479,681	\$1,215,966	\$2,880,661	\$1,664,694	(\$814,986)	-32.9%
MISSOURI TEL CO	\$2,325,025	\$7,429,177	\$5,104,152	\$5,150,702	\$7,429,177	\$2,278,476	(\$2,825,677)	-55.4%
LE-RU TELEPHONE CO	\$215,535	\$1,057,424	\$841,889	\$329,539	\$1,057,424	\$727,885	(\$114,004)	-13.5%
CONTEL MO DBA GTE MO	\$37,528,000	\$135,278,722	\$97,750,722	\$55,449,116	\$135,278,722	\$79,829,607	(\$17,921,116)	-18.3%
NEW LONDON TEL CO	\$180,527	\$458,402	\$277,875	\$249,731	\$458,402	\$208,671	(\$69,204)	-24.9%
HOLWAY TEL CO	\$122,037	\$509,689	\$387,652	\$168,745	\$509,689	\$340,944	(\$46,708)	-12.0%
NE MISSOURI RURAL	\$263,733	\$2,858,889	\$2,595,156	\$1,110,243	\$2,858,889	\$1,748,647	(\$846,510)	-32.6%
ORCHARD FARM TEL CO	\$190,971	\$698,634	\$507,663	\$190,971	\$698,634	\$507,663	\$0	0.0%
STEELVILLE TEL EXCH	\$386,085	\$2,113,967	\$1,727,882	\$1,101,113	\$2,113,967	\$1,012,853	(\$715,028)	-41.4%
STOUTLAND TEL CO	\$135,342	\$757,453	\$622,111	\$316,876	\$757,453	\$440,577	(\$181,534)	-29.2%
UTC OF MISSOURI	\$36,803,969	\$94,728,751	\$57,924,782	\$58,687,962	\$94,728,751	\$36,040,790	(\$21,883,993)	-37.8%
SOUTHWESTERN BELL-MO	\$715,591,378	\$678,776,625	(\$36,814,753)	\$715,591,378	\$678,776,625	(\$36,814,753)	\$0	0.0%
<b>Total Missouri</b>	<b>\$826,654,060</b>	<b>\$1,042,802,245</b>	<b>\$216,148,185</b>	<b>\$902,907,727</b>	<b>\$1,042,802,245</b>	<b>\$139,894,518</b>	<b>(\$76,253,667)</b>	<b>-35.3%</b>

## Impact on Subsidy of Setting Benchmark at Current Average for State

Study Area	(A) Current Local Revenue	(B) Total Costs	(C) Current Total Subsidy	(D) Proposed Local Revenue	(E) Total Costs	(F) Proposed Total New Subsidy	(G) Subsidy Difference	(H) % Subsidy Difference
UTC OF THE NW-WA	\$13,636,090	\$30,719,982	\$17,083,892	\$16,744,367	\$30,719,982	\$13,975,615	(\$3,108,277)	-18.2%
ASOTIN TEL - WA	\$230,213	\$737,383	\$507,170	\$269,125	\$737,383	\$468,258	(\$38,912)	-7.7%
TEL UTIL OF WA INC	\$20,287,120	\$44,158,517	\$23,871,397	\$29,205,662	\$44,158,517	\$14,952,856	(\$8,918,542)	-37.4%
COWICHE TELEPHONE CO	\$358,905	\$1,032,197	\$673,292	\$452,797	\$1,032,197	\$579,400	(\$93,892)	-13.9%
ELLENSBURG TEL CO	\$2,826,196	\$7,705,142	\$4,878,946	\$4,665,788	\$7,705,142	\$3,039,354	(\$1,839,592)	-37.7%
GTE NORTHWEST INC-WA	\$169,509,000	\$278,786,449	\$109,277,449	\$169,509,000	\$278,786,449	\$109,277,449	\$0	0.0%
HAT ISLAND TEL CO	\$17,552	\$32,721	\$15,169	\$20,582	\$32,721	\$12,140	(\$3,030)	-20.0%
HOOD CANAL TEL CO	\$119,914	\$722,513	\$602,599	\$232,391	\$722,513	\$490,122	(\$112,477)	-18.7%
INLAND TEL CO -WA	\$462,630	\$1,521,714	\$1,059,084	\$510,113	\$1,521,714	\$1,011,601	(\$47,483)	-4.5%
KALAMA TEL CO	\$357,382	\$1,193,909	\$836,527	\$512,718	\$1,193,909	\$681,191	(\$155,336)	-18.6%
MASHELL TEL CO INC	\$352,357	\$1,836,438	\$1,484,081	\$647,411	\$1,836,438	\$1,189,027	(\$295,054)	-19.9%
PIONEER TEL CO	\$102,659	\$682,658	\$579,999	\$207,119	\$682,658	\$475,539	(\$104,460)	-18.0%
ST JOHN TEL CO	\$148,715	\$418,295	\$269,580	\$149,282	\$418,295	\$269,013	(\$567)	-0.2%
TENINO TELEPHONE CO	\$286,022	\$1,498,535	\$1,212,513	\$685,969	\$1,498,535	\$812,566	(\$399,947)	-33.0%
TOLEDO TELEPHONE CO	\$228,472	\$1,002,096	\$773,624	\$415,281	\$1,002,096	\$586,815	(\$186,809)	-24.1%
CONTEL NW DBA GTE-WA	\$18,351,000	\$39,587,284	\$21,236,284	\$18,351,000	\$39,587,284	\$21,236,284	\$0	0.0%
PACIFIC NW BELL-WA	\$536,955,000	\$671,538,784	\$134,583,784	\$542,064,342	\$671,538,784	\$129,474,441	(\$5,109,342)	-3.8%
Total Washington	\$764,229,227	\$1,083,174,618	\$318,945,391	\$784,642,948	\$1,083,174,618	\$298,531,670	(\$20,413,721)	-6.4%
GOLDEN WEST COMM.	\$245,127	\$4,678,411	\$4,433,284	\$1,967,488	\$4,678,411	\$2,710,923	(\$1,722,361)	-38.9%
CHEYENNE RIVER SIOUX	\$664,611	\$1,429,088	\$764,477	\$664,611	\$1,429,088	\$764,477	\$0	0.0%
DAKOTA COOP TELECOMM	\$692,526	\$2,835,418	\$2,142,892	\$1,384,276	\$2,835,418	\$1,451,142	(\$691,750)	-32.3%
GOLDEN WEST TELECOMM	\$1,526,918	\$7,235,178	\$5,708,260	\$3,043,363	\$7,235,178	\$4,191,815	(\$1,516,445)	-26.6%
JEFFERSON TEL CO -SD	\$69,302	\$223,670	\$154,368	\$127,547	\$223,670	\$96,123	(\$58,245)	-37.7%
KADOKA TELEPHONE CO	\$100,155	\$337,815	\$237,660	\$135,580	\$337,815	\$202,236	(\$35,425)	-14.9%
KENNEBEC TEL CO	\$50,984	\$423,968	\$372,984	\$65,964	\$423,968	\$358,004	(\$14,980)	-4.0%
SANBORN TEL COOP	\$383,285	\$1,202,144	\$818,859	\$605,849	\$1,202,144	\$596,295	(\$222,564)	-27.2%
STOCKHOLM-STRANDBURG	\$38,023	\$198,217	\$160,194	\$51,116	\$198,217	\$147,101	(\$13,093)	-8.2%
SULLY BUTTES TEL	\$522,119	\$2,573,240	\$2,051,121	\$973,399	\$2,573,240	\$1,599,841	(\$451,280)	-22.0%
VALLEY TELECOMM.	\$26,928	\$1,049,692	\$1,022,764	\$478,058	\$1,049,692	\$571,633	(\$451,130)	-44.1%
WEST RIVER COOP	\$186,313	\$1,441,287	\$1,254,974	\$350,268	\$1,441,287	\$1,091,019	(\$163,955)	-13.1%
NORTHWESTERN BELL-SD	\$74,072,000	\$95,713,555	\$21,641,555	\$74,072,000	\$95,713,555	\$21,641,555	\$0	0.0%
Total South Dakota	\$78,578,291	\$119,341,683	\$40,763,392	\$83,919,519	\$119,341,683	\$35,422,164	(\$5,341,228)	-13.1%



## Sources:

Column (A): FCC Data Request, Docket 80-286, File 1 of 4, Line 629  
Column (B): Total Loop & Estimated Switching Costs (Column H from previous table  
Column (C): Column B - Column A  
Column (D): Maximum of Column A and Current State Avg. x # Loops x 12  
Column (E): Column B  
Column (F): Column E - Column D  
Column (G): Column F - Column C  
Column (H): Column G/Column C